



Reprinted
February 22, 2005

HOUSE BILL No. 1301

DIGEST OF HB 1301 (Updated February 21, 2005 6:50 pm - DI 52)

Citations Affected: IC 6-1.1; noncode.

Synopsis: Property taxes. Postpones from 2005 to 2006 the implementation of annual adjustments of real property assessed value. Phases in the annual adjustment determined for 2006. Provides a property tax credit, phased out over four years, based on the amount by which a property tax increase resulting from a general reassessment of a homestead exceeds 75%.

Effective: January 1, 2005 (retroactive); upon passage; July 1, 2005.

Saunders, Hinkle, Buell, Aguilera

January 11, 2005, read first time and referred to Committee on Ways and Means.
February 17, 2005, reported — Do Pass.
February 21, 2005, read second time, amended, ordered engrossed.

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HB 1301—LS 7140/DI 52+



Reprinted
February 22, 2005

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1301

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-4-4.5 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:
3 Sec. 4.5. (a) The department of local government finance shall adopt
4 rules establishing a system for annually adjusting the assessed value of
5 real property to account for changes in value in those years since a
6 general reassessment of property last took effect.
7 (b) The system must be applied to adjust assessed values beginning
8 with the ~~2005~~ **2006** assessment date and each year thereafter that is not
9 a year in which a reassessment becomes effective.
10 (c) The system must have the following characteristics:
11 (1) Promote uniform and equal assessment of real property within
12 and across classifications.
13 (2) Apply all objectively verifiable factors used in mass valuation
14 techniques that are reasonably expected to affect the value of real
15 property in Indiana.
16 (3) Prescribe as many adjustment percentages and whatever
17 categories of percentages the department of local government

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1 finance finds necessary to achieve objectively verifiable updated
2 just valuations of real property. An adjustment percentage for a
3 particular classification may be positive or negative.

4 (4) Prescribe procedures, including computer software programs,
5 that permit the application of the adjustment percentages in an
6 efficient manner by assessing officials.

7 SECTION 2. IC 6-1.1-17-1 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. (a) On or before
9 August 1 of each year, the county auditor shall send a certified
10 statement, under the seal of the board of county commissioners, to the
11 fiscal officer of each political subdivision of the county and the
12 department of local government finance. The statement shall contain:

13 (1) information concerning the assessed valuation in the political
14 subdivision for the next calendar year;

15 (2) an estimate of the taxes to be distributed to the political
16 subdivision during the last six (6) months of the current calendar
17 year;

18 (3) the current assessed valuation as shown on the abstract of
19 charges;

20 (4) the average growth in assessed valuation in the political
21 subdivision over the preceding three (3) budget years, excluding
22 years in which a general reassessment occurs, determined
23 according to procedures established by the department of local
24 government finance; ~~and~~

25 **(5) information concerning credits applicable under**
26 **IC 6-1.1-21-5.7 to taxes first due and payable in the next**
27 **calendar year; and**

28 ~~(5) (6)~~ (6) any other information at the disposal of the county auditor
29 that might affect the assessed value used in the budget adoption
30 process.

31 (b) The estimate of taxes to be distributed shall be based on:

32 (1) the abstract of taxes levied and collectible for the current
33 calendar year, less any taxes previously distributed for the
34 calendar year; and

35 (2) any other information at the disposal of the county auditor
36 which might affect the estimate.

37 (c) The fiscal officer of each political subdivision shall present the
38 county auditor's statement to the proper officers of the political
39 subdivision.

40 **(d) The officers of a political subdivision shall adjust the**
41 **assessed value used in setting rates for the taxes first due and**
42 **payable in a calendar year in which credits apply under**

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1 IC 6-1.1-21-5.7 to eliminate or minimize levy reductions that would
2 otherwise result from the application of those credits.

3 SECTION 3. IC 6-1.1-21-5.7 IS ADDED TO THE INDIANA
4 CODE AS A NEW SECTION TO READ AS FOLLOWS
5 [EFFECTIVE JULY 1, 2005]: Sec. 5.7. (a) The following definitions
6 apply throughout this section:

7 (1) "General reassessment" refers to a general reassessment
8 of real property under IC 6-1.1-4-4.

9 (2) "Homestead" has the meaning set forth in
10 IC 6-1.1-20.9-1(2).

11 (3) "Net property tax bill" means the amount of property
12 taxes currently due and payable in a particular calendar year
13 after the application of all deductions and credits, except for
14 the credit provided by this section, as evidenced by the tax
15 statements required under IC 6-1.1-22-8.

16 (4) "Physical characteristics" refers to physical
17 characteristics of a homestead that bear on the determination
18 of the assessed value of the homestead.

19 (5) "Preceding year tax" means the amount of the net
20 property tax bill for a homestead in the calendar year that
21 immediately precedes the calendar year in which property
22 taxes are first due and payable based on a general
23 reassessment.

24 (6) "Qualifying homestead" means:

25 (A) if subsection (g) does not apply, a homestead for which
26 the reassessment tax is at least one hundred seventy-five
27 percent (175%) of the preceding year tax; and

28 (B) if subsection (g) applies, a homestead for which the
29 amount determined under subsection (g) of the
30 reassessment tax is at least one hundred seventy-five
31 percent (175%) of the amount determined under
32 subsection (g) of the preceding year tax.

33 (7) "Qualifying individual" means an individual who is liable
34 for the payment of the:

35 (A) preceding year tax; and

36 (B) reassessment tax.

37 (8) "Reassessment tax" means the amount of the net property
38 tax bill for a homestead in the calendar year in which
39 property taxes are first due and payable based on a general
40 reassessment.

41 (b) A qualifying individual may receive a credit against the net
42 property tax bill with respect to the qualifying individual's

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qualifying homestead in:

(1) the calendar year in which reassessment tax is first due and payable; and

(2) subsequent calendar years;

as provided in subsections (c) through (e).

(c) Subject to subsection (g), if the reassessment tax is at least one hundred seventy-five percent (175%) but less than two hundred fifty percent (250%) of the preceding year tax, the amount of the credit is the percentage from the following table multiplied by the amount by which the reassessment tax exceeds the preceding year tax:

YEAR IN RELATION TO THE YEAR OF LIABILITY FOR REASSESSMENT TAX	PERCENTAGE
Current year	50%
First following year and subsequent years	0%

(d) Subject to subsection (g), if the reassessment tax is at least two hundred fifty percent (250%) but less than three hundred twenty-five percent (325%) of the preceding year tax, the amount of the credit is the percentage from the following table multiplied by the amount by which the reassessment tax exceeds the preceding year tax:

YEAR IN RELATION TO THE YEAR OF LIABILITY FOR REASSESSMENT TAX	PERCENTAGE
Current year	67%
First following year	33%
Second following year and subsequent years	0%

(e) Subject to subsection (g), if the reassessment tax is at least three hundred twenty-five percent (325%) of the preceding year tax, the amount of the credit is the percentage from the following table multiplied by the amount by which the reassessment tax exceeds the preceding year tax:

YEAR IN RELATION TO THE YEAR OF LIABILITY FOR REASSESSMENT TAX	PERCENTAGE
Current year	75%
First following year	50%
Second following year	25%
Third following year	

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(g) If a change in physical characteristics occurred:
(1) after the assessment date for which the preceding year tax was determined; and
(2) on or before the assessment date for which the reassessment tax was determined;
the county auditor shall compute the credit under this subsection. If the change has the effect of increasing the assessed value of the homestead, the county auditor shall determine the reassessment tax for purposes of subsections (c), (d), and (e) based on a homestead assessed value that excludes the assessed value resulting from the change. If the change has the effect of decreasing the assessed value of the homestead, the county auditor shall determine the preceding year tax for purposes of subsections (c), (d), and (e) based on a homestead assessed value that would have applied if the change occurred before the assessment date for which the preceding year tax is determined. The township assessor shall assist the county auditor in determining assessed values used in this subsection.

SECTION 4. IC 6-1.1-21-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) Notwithstanding IC 6-1.1-26, any taxpayer who is entitled to a credit under this chapter or who has properly filed for and is entitled to a credit under IC 6-1.1-20.9, and who, without taking the credit, pays in full the taxes to which the credit applies, is entitled to a refund, without interest, of an amount equal to the amount of the credit. However, if the taxpayer, at the time a refund is claimed, owes any other taxes, interest, or penalties payable to the county treasurer to whom the taxes subject to the credit were paid, then the credit shall be first applied in full or partial payment of the other taxes, interest, and penalties and the balance, if any, remaining after that application is available as a refund to the taxpayer.

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percentage homestead credit the taxpayer was entitled to receive for a year does not exceed the percentage credit allowed in IC 6-1.1-20.9-2(d) for that same year. Any refund in excess of that amount shall be paid from the county's revenue distributions received under IC 6-3.5-6.

(c) The state board of accounts shall establish an appropriate procedure to simplify and expedite the method for claiming these refunds and for the payments thereof, as provided for in this section, which procedure is the exclusive procedure for the processing of the refunds. The procedure shall, however, require the filing of claims for the refunds by not later than June 1 of the year following the payment of the taxes to which the credit applied.

SECTION 5. [EFFECTIVE UPON PASSAGE] IC 6-1.1-21-5.7, as added by this act, applies only to a general reassessment of real property under IC 6-1.1-4-4 that occurs after July 30, 2005.

SECTION 6. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 6-1.1-4-4.5, as amended by this act, the annual adjustment of the assessed value of real property that would otherwise apply under that section for property taxes first due and payable in 2007 is phased in so that:

(1) one-third (1/3) of the adjustment applies for property taxes first due and payable in 2007;

(2) one-third (1/3) of the adjustment applies for property taxes first due and payable in 2008; and

(3) one-third (1/3) of the adjustment applies for property taxes first due and payable in 2009.

(b) The adjustments under subsection (a) for taxes first due and payable in 2008 and 2009 are in addition to any adjustments determined for those years under IC 6-1.1-4-4.5, as amended by this act.

(c) This SECTION expires January 1, 2010.

SECTION 7. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1301, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

AYRES, Vice Chair

Committee Vote: yeas 18, nays 1.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1301 be amended to read as follows:

Page 2, between lines 6 and 7, begin a new paragraph and insert:

"SECTION 2. IC 6-1.1-17-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners, to the fiscal officer of each political subdivision of the county and the department of local government finance. The statement shall contain:

(1) information concerning the assessed valuation in the political subdivision for the next calendar year;

(2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;

(3) the current assessed valuation as shown on the abstract of charges;

(4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the department of local government finance; ~~and~~

(5) information concerning credits applicable under IC 6-1.1-21-5.7 to taxes first due and payable in the next calendar year; and

~~(5)~~ **(6)** any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

(d) The officers of a political subdivision shall adjust the assessed value used in setting rates for the taxes first due and payable in a calendar year in which credits apply under IC 6-1.1-21-5.7 to eliminate or minimize levy reductions that would otherwise result from the application of those credits.

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SECTION 3. IC 6-1.1-21-5.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 5.7. (a) The following definitions apply throughout this section:**

(1) "General reassessment" refers to a general reassessment of real property under IC 6-1.1-4-4.

(2) "Homestead" has the meaning set forth in IC 6-1.1-20.9-1(2).

(3) "Net property tax bill" means the amount of property taxes currently due and payable in a particular calendar year after the application of all deductions and credits, except for the credit provided by this section, as evidenced by the tax statements required under IC 6-1.1-22-8.

(4) "Physical characteristics" refers to physical characteristics of a homestead that bear on the determination of the assessed value of the homestead.

(5) "Preceding year tax" means the amount of the net property tax bill for a homestead in the calendar year that immediately precedes the calendar year in which property taxes are first due and payable based on a general reassessment.

(6) "Qualifying homestead" means:

(A) if subsection (g) does not apply, a homestead for which the reassessment tax is at least one hundred seventy-five percent (175%) of the preceding year tax; and

(B) if subsection (g) applies, a homestead for which the amount determined under subsection (g) of the reassessment tax is at least one hundred seventy-five percent (175%) of the amount determined under subsection (g) of the preceding year tax.

(7) "Qualifying individual" means an individual who is liable for the payment of the:

(A) preceding year tax; and

(B) reassessment tax.

(8) "Reassessment tax" means the amount of the net property tax bill for a homestead in the calendar year in which property taxes are first due and payable based on a general reassessment.

(b) A qualifying individual may receive a credit against the net property tax bill with respect to the qualifying individual's qualifying homestead in:

(1) the calendar year in which reassessment tax is first due

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and payable; and

(2) subsequent calendar years;
as provided in subsections (c) through (e).

(c) Subject to subsection (g), if the reassessment tax is at least one hundred seventy-five percent (175%) but less than two hundred fifty percent (250%) of the preceding year tax, the amount of the credit is the percentage from the following table multiplied by the amount by which the reassessment tax exceeds the preceding year tax:

YEAR IN RELATION TO THE YEAR OF LIABILITY FOR REASSESSMENT TAX	PERCENTAGE
Current year	50%
First following year and subsequent years	0%

(d) Subject to subsection (g), if the reassessment tax is at least two hundred fifty percent (250%) but less than three hundred twenty-five percent (325%) of the preceding year tax, the amount of the credit is the percentage from the following table multiplied by the amount by which the reassessment tax exceeds the preceding year tax:

YEAR IN RELATION TO THE YEAR OF LIABILITY FOR REASSESSMENT TAX	PERCENTAGE
Current year	67%
First following year	33%
Second following year and subsequent years	0%

(e) Subject to subsection (g), if the reassessment tax is at least three hundred twenty-five percent (325%) of the preceding year tax, the amount of the credit is the percentage from the following table multiplied by the amount by which the reassessment tax exceeds the preceding year tax:

YEAR IN RELATION TO THE YEAR OF LIABILITY FOR REASSESSMENT TAX	PERCENTAGE
Current year	75%
First following year	50%
Second following year	25%
Third following year and subsequent years	0%

(f) Subject to subsection (g), the county auditor shall compute

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and apply the credit under this section for each qualifying individual entitled to the credit.

(g) If a change in physical characteristics occurred:

- (1) after the assessment date for which the preceding year tax was determined; and
- (2) on or before the assessment date for which the reassessment tax was determined;

the county auditor shall compute the credit under this subsection. If the change has the effect of increasing the assessed value of the homestead, the county auditor shall determine the reassessment tax for purposes of subsections (c), (d), and (e) based on a homestead assessed value that excludes the assessed value resulting from the change. If the change has the effect of decreasing the assessed value of the homestead, the county auditor shall determine the preceding year tax for purposes of subsections (c), (d), and (e) based on a homestead assessed value that would have applied if the change occurred before the assessment date for which the preceding year tax is determined. The township assessor shall assist the county auditor in determining assessed values used in this subsection.

(h) If the qualifying individual resides in the homestead with the qualifying individual's spouse, those individuals are together entitled to one (1) credit under this section for the homestead.

SECTION 4. IC 6-1.1-21-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) Notwithstanding IC 6-1.1-26, any taxpayer who is entitled to a credit under this chapter or who has properly filed for and is entitled to a credit under IC 6-1.1-20.9, and who, without taking the credit, pays in full the taxes to which the credit applies, is entitled to a refund, without interest, of an amount equal to the amount of the credit. However, if the taxpayer, at the time a refund is claimed, owes any other taxes, interest, or penalties payable to the county treasurer to whom the taxes subject to the credit were paid, then the credit shall be first applied in full or partial payment of the other taxes, interest, and penalties and the balance, if any, remaining after that application is available as a refund to the taxpayer.

(b) Any taxpayer entitled to a refund under this section **other than a refund based on a credit under section 5.7 of this chapter** shall be paid that refund from proceeds of the property tax replacement fund. However, with respect to any refund attributable to a homestead credit, the refund shall be paid from that fund only to the extent that the percentage homestead credit the taxpayer was entitled to receive for a year does not exceed the percentage credit allowed in

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IC 6-1.1-20.9-2(d) for that same year. Any refund in excess of that amount shall be paid from the county's revenue distributions received under IC 6-3.5-6.

(c) The state board of accounts shall establish an appropriate procedure to simplify and expedite the method for claiming these refunds and for the payments thereof, as provided for in this section, which procedure is the exclusive procedure for the processing of the refunds. The procedure shall, however, require the filing of claims for the refunds by not later than June 1 of the year following the payment of the taxes to which the credit applied.

SECTION 5. [EFFECTIVE UPON PASSAGE] IC 6-1.1-21-5.7, as added by this act, applies only to a general reassessment of real property under IC 6-1.1-4-4 that occurs after July 30, 2005."

Renumber all SECTIONS consecutively.

(Reference is to HB 1301 as printed February 18, 2005.)

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